



December 13, 2013

To: Executive Board

Subject: **October 2013 Financial Statements and Investment Summary**

Recommendation

Receive and file the October Financial Statements and Investment Summary for Fiscal Year 2014.

Analysis

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the fiscal year ending June 30, 2014.

Foothill Transit's cash position of \$71 million is \$9.9 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. Uses of cash include a \$627,000 increase in other receivables in October. Sources of cash include a \$5.2 million decrease in Due from Government; \$53,700 decrease in other receivables; increase in accounts payable for \$4.2 million; capital revenue exceeding capital expenditures for \$457,000; and excess operating revenues of \$618,000.

October 2013 year-to-date fare revenues were \$6.2 million, which is \$37,900 less than the budgeted amount. The October 2013 year-to-date revenue is just under \$110,000 (1.7 percent) less than the October 2012 year-to-date revenue. The slight variation shows the actual revenue is tracking closely with the revenue projected for the fiscal year. Increasing sales tax revenues appear to be a signal that the economy is beginning to show signs of improvement, however unemployment remains constant at approximately seven percent.

Operating costs through October were \$21.1 million, which is \$3.37 million less than the budget. These costs are \$458,900 or about two percent more than in fiscal year 2013 through October 2012. The variance is mainly due to a lower than budgeted increase in the operations and maintenance costs and fuel costs which are still below budgeted amounts. Foothill Transit had sufficient funds to meet all of its obligations.

Balance Sheet Analysis (Attachment A):

Assets

The balance sheet as of October 31, 2013 shows total assets at \$232.5 million. This total consists primarily of \$145.4 million in fixed assets and \$71 million in cash and investments. The cash and investments balance includes \$15 million invested in the



Local Agency Investment Fund (LAIF); \$18.7 million in non-interest bearing accounts held with Bank of the West; \$23.2 million in an interest bearing account with Bank of the West; \$5.0 million with Chase; \$4.0 million with Bank of the West and \$2.99 million with Wells Fargo invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program; and \$2.0 million in US Treasury Bills. The current interest rates on these accounts are included on Attachment A.

Investments (Attachment B)

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West in non-interest earning accounts qualify for FDIC insurance, eliminating the risk of loss. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of October 2013 was 0.26 percent; increased slightly compared to the previous month's rate. While the Wells Fargo CDARS are averaging at 0.367 percent and Bank of the West CDARS rate of return is at .070 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in almost five years, LAIF interest rates have continued a downward trend until reaching current levels and then with small variations up and down.

Liabilities

The accounts payable balance is \$6.57 million. The amounts payable include \$4 million payable to First Transit; \$166,400 for employee benefits; fuel costs of \$1.2 million; Monrovia Dial-A-Ride service of \$55,000; and \$1.1 million for capital projects.

Operating Revenue and Expense Analysis (Attachment C):

Fare Revenue

October 2013 year-to-date fare revenues were \$6.2 million. As stated earlier, this number is \$37,900 or 0.60 percent less than the budget. The October year-to-date revenues are \$1,517,203 more than the previous month. Usually these numbers are lower than the previous month, because September included the EZ transit Pass annual revenue adjustment of \$283,000.

Revenues are tracking very close to prior year amounts indicating stable total ridership.

State and Local Funding Subsidies of \$17.2 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 0.82 percent more than planned for in the budget. Foothill Transit has sufficient funds to meet all of its obligations.



Expenses

Operating expenses through October 2013 were \$20.7 million, compared with the year-to-date budget of \$23.2 million. This difference of approximately \$2.5 million resulted in a 10.8 percent favorable variance. As stated earlier, this was mainly due to the savings on operating and maintenance, fuel and administrative costs.

Farebox Recovery Ratio

The October year-to-date farebox recovery ratio was 29.4 percent; approximately 3.5 percent higher than the performance target of 25.83 percent. The farebox recovery ratio was derived by dividing the total fare revenue of \$6,228,792 by the total operating expense figure of \$21,176,717. This ratio is about 1.2 percent lower than the October 2012 figure of 30.6 percent.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Gil Victorio'.

Gil Victorio
Interim Finance Director

A handwritten signature in blue ink, appearing to read 'Doran J. Barnes'.

Doran J. Barnes
Executive Director

Attachments

Foothill Transit
Balance Sheet
As of October 31, 2013

Assets

Current Assets:

Cash	\$ 42,013,600
Investments	28,991,387
Due from government agencies	10,958,017
Other receivables	2,599,873
Other assets	2,487,623
Total Current Assets	<u>87,050,499</u>
Property & Equipment (net of depreciation)	145,449,280
Total Assets	<u><u>\$ 232,499,779</u></u>

Liabilities and Equity

Current Liabilities:

Accounts payable and accrued liabilities	\$ 6,569,780
Deferred Revenue	51,091,732
Total Liabilities	<u>57,661,512</u>

Equity

Fund Balance:	
Investment in Capital Assets	145,449,280
Current Year Change	4,006,045
Surplus	25,382,942
Total Equity	<u>174,838,267</u>
Total Liabilities and Equity	<u><u>\$ 232,499,779</u></u>

Summary of Cash and
Investment Account
For October 31, 2013

	Interest Rate	Term	Principal Amount/Book Value	Market Value
Cash:				
Bank of the West-Reg. Checking	N/A	Demand Deposit	7,790,689	7,790,689
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Excise Tax	N/A	Demand Deposit	10,963,029	10,963,029
Bank of the West-Money Market	0.240%	Demand Deposit	7,018,608	7,018,608
Bank of the West-Money Market	0.240%	Demand Deposit	21,651	21,651
Bank of the West-Money Market	0.290%	Demand Deposit	6,000,015	6,000,015
Bank of the West-Money Market	0.240%	Demand Deposit	9,562,360	9,562,360
Bank of the West-CTAF ³ Fund	0.090%	Demand Deposit	655,348	655,348
Bank of the West-Money Market	N/A	Demand Deposit		
Subtotal Cash on Hand			42,013,600	42,013,600
Unrestricted Investments:				
Chase Business Saving	0.120%	Demand Deposit	5,049,980	5,049,980
Bank of the West-CDARS	0.070%	Cert. of Deposit	4,000,000	4,000,000
Wells Fargo-CDARS	0.367%	Cert. of Deposit	2,988,000	2,988,000
Treasury Bills			1,997,978	1,997,978
LAIF Investment	0.260%	Demand Deposit	14,955,430	14,955,430
Subtotal Unrestricted Investments			28,991,387	28,991,387
Total Cash and Investments			71,004,987	71,004,987

Notes:

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit
Statement of Revenue and Expense
For Month Ended October 31, 2013

	Actual October-13	Budget October -13	Variance Favorable (Unfavorable)	Actual October - 12
Operating Revenue				
Farebox	\$3,510,885	\$3,700,000	(5.11%)	\$3,685,646
Pass Sales	1,048,918	1,033,333	1.51%	1,061,581
TAP Cash Purse	838,736	733,333	14.37%	728,407
MetroLink & Access Service	180,697	166,667	8.42%	127,197
EZ Transit Pass	649,557	633,333	2.56%	736,039
Total Operating Revenue	6,228,792	6,266,667	(0.60%)	6,338,870
Non-Operating Revenue				
Transportation Development Act	6,943,304	6,171,200	12.51%	5,813,748
STA	1,304,424	1,304,433	(0.00%)	1,353,352
Prop A 40% Discretionary	4,494,652	4,494,667	(0.00%)	4,342,090
Prop A 40% BSCP	1,433,092	1,432,900	0.01%	1,398,560
Prop C BSIP	286,824	286,667	0.05%	281,475
Prop C Base Restructuring	616,068	616,000	0.01%	604,579
Prop C Transit Service Expansion	102,664	102,667	(0.00%)	100,748
Transit Security-Operating	263,548	263,533	0.01%	236,198
Measure R Operating	3,117,368	3,117,367	0.00%	2,628,770
CMAQ Operating	169,055	333,333	(49.28%)	
Gain on Sale of Fixed Assets				
Auxiliary Revenue	479,451	500,000	(4.11%)	487,287
Total Non-Operating Revenue	19,210,450	18,622,767	3.16%	17,246,807
Total Revenue	25,439,242	24,889,433	2.21%	23,585,677
Available Capital Funding				
Capital Grants	2,908,342			2,998,263
Other				
Total Revenue and Capital Funding	28,347,584	24,889,433		26,583,940
OPERATING EXPENSES				
Operations	17,834,173	19,595,872	8.99%	17,610,927
Maintenance & Vehicle Technology	169,844	293,740	42.18%	
Marketing and Communications	533,393	666,788	20.01%	436,083
Information Technology	385,868	683,040	43.51%	387,714
Administration	718,397	669,356	(7.33%)	533,953
Procurement	135,549	298,844	54.64%	139,074
Sales and Service	670,468	624,948	(7.28%)	589,960
Finance	244,295	434,436	43.77%	430,004
Safety and Security	104,859	343,544	69.48%	190,573
Planning	191,983	657,048	70.78%	174,514
Building Management & location 61	187,889	285,172	34.11%	225,044
Total Operating Expenses	21,176,717	24,552,788	13.75%	20,717,846
Capital and Other Expenses				
Capital	2,951,594		N/A	3,014,592
Interest			N/A	
Dial-A-Ride	172,153		N/A	178,433
Special Services	41,074		N/A	64,917
Other Misc. expense			N/A	450
Total Capital and Other Expenditures	3,164,822		N/A	3,258,392
Increase (Decrease) of Revenues Over Expenditures	\$ 4,006,045			\$ 2,607,702